

## Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 OMB-01 ISO-00 OIC-04 DRC-01 IO-15 /239 W

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R 281420Z SEP 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 1864

INFO AMEMBASSY BERN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

AMEMBASSY TUNIS

AMEMBASSY VIENNA

US MISSION EC BRUSSELS 3518

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: GATT COUNCIL

GATT COUNCIL SCHEDULED OCT 19. OFFICIAL AIRGRAM WITH  
AGENDA NOT YET COMPILED BUT SECRETARIAT EXPECTS FOLLOWING  
ITEMS WILL BE TAKEN UP.

1. SPANISH B/P RESTRICTIONS. SEPTTEL REPORTS RECENT  
DISCUSSION AMONG KEY DELS.

2. EC-MOROCCO. L/3907 GIVES TEXT OF PROTOCOL (NEGOTIATED  
MARCH 2, 1973) AMENDING CERTAIN PROVISIONS OF EC(OF SIX)-  
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MOROCCO 1969 ASSOCIATION AS RESULT EC ENLARGEMENT. MOST

IMPORTANT OF THESE APPEAR TO BE ENLARGEMENT OF MOROCCO'S DISCRIMINATORY QRS AND ESTABLISHMENT OF IMPORT QUOTAS BY UK FOR PARTICULAR MOROCCAN PRODUCTS. SECRETARIAT HAS ASKED IF US INTENDS ASK FOR WORKING PARTY EXAMINATION WITH TRADITIONAL QUESTION AND ANSWER PROCEDURE. COMMENT: BEARING IN MIND (A) FACT EC ACTIVELY RENEGOTIATING EXISTING ARRANGEMENTS WITH MOROCCO AND MANY OTHERS (REF EC BRUSSELS 4485), (B) LENGTH OF TIME IT WILL TAKE TO COLLECT QS AND AS, AND (C) INEVITABLE IMPASSE AND INCONCLUSIVE RESULTS OF WP EXAMINATION IF HELD, MISSION SEES NOT POINT IN QS AND AS AND WP. INSTEAD, WE FAVOR MAKING STRONG STATEMENT OF DISAPPROVAL OF ARRANGEMENTS REPORT L/3907 FOR REASONS GIVEN DURING PROLONGED GATT CONSIDERATION OF ORIGINAL EC (SIX)-MOROCCO ARRANGMENT. A SPECIFIC WASHDC COMMENT ON DISCRIMINATORY QRS WOULD BE APPROPRIATE. (IT IS IRONIC TO RECALL UK TOOK LEADING ROLE IN 1970 IN CRITICIZING THIS VERY ASPECT OF ORIGINAL EC-MOROCCO DEAL -- REF GENEVA 875 MARCH 19, 1970).

3. INDIAN WAIVER FOR AUXILIARY DUTIES (REF GENEVA 4398). AT GOI REQUEST, SEC PREPARING DRAFT TEXT WHICH WE WILL TRANSMIT ASAP.

4. EC/EFTA - FIVE WP REPORTS (L/3898, 3899, 3900, 3901, 3902) IF WASHDC AGENCIES INTEND TO PURSUE IDEA ALLUED TO DURING WP EXAMINATIONS OF CALLING FOR SEPARATE WP OR GROUP OF EXPERTS TO ANALYZE WHAT RULES OF ORIGIN ARE JUSTIFIABLE IN RELATION TO POSSIBLE TRADE DEFLECTION, ADVANCE BILATERAL DISCUSSION WITH EC IN BRUSSELS ESSENTIAL IF WE HOPE PERSUAGE EC TO AGREE. FURTHER DISCUSSION WITH OTHER DELS IN GENEVA ALSO WOULD BE USEFUL.

5. EFTA AND FINEFTA BIENNIAL REPORT (L/3916). KEY POINT OF INTEREST TO US IS NEW RULES OF ORIGIN SYSTEM ADOPTED BY MEMBERS (EFFECTIVE APRIL 1, 1973) IDENTICAL WITH RULES OF ORIGIN APPLICABLE IN EC-EFTA ARRANGEMENTS. ANNEX I TO L/2916 CONTAINS TEXTS OF NEW EFTA RULES -- COPIES POUCHED TO STR, STATE AND COMMERCE SEPT 17. THESE RULES WERE MAIN POINT OF US CRITICISM OF EC-EFTA ARRANGEMENTS AND PRINCIPAL RATIONALE LIMITED OFFICIAL USE

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FOR OUR REFUSAL ACCEPT THEM AS VALID FTAS UNDER ARTICLE XXIV. ADOPTION OF SAME RULES BY EFTA REDUCES DEGREE OF FREE TRADE AMONG EFTA COUNTRIES THEMSELVES AND MAY ADVERSELY AFFECT US EXPORTS, PARTICULARLY COMPONENT PARTS LIKE TRANSISTORS (WHICH ARE SUBJECT TO SAME 3PCT VALUE CUTOFF AS IN EC-EFTA). FURTHER REDUCTION OF FREE TRADE WITHIN EFTA REFLECTED IN CHANGE OF EFTA TREATMENT OF PROCESSED AGRICULTURAL PRODUCTS (PREVIOUSLY DUTY-FREE

WITHIN EFTA) TO CORRESPOND WITH EC-EFTA SYSTEM ALLOWING IMPOSITION OF COMPENSATORY CHARGES TO COMPENSATE FOR DIFFERENCES IN COST OF AGRICULTURAL RAW MATERIALS. MISSION SUGGESTS WE SHOULD (A) CRITICIZE BOTH OF THESE RETROGRESSIVE STEPS BY EFTA COUNTRIES, (B) STATE THAT US DETAILED OBJECTIONS CONCERNING RULES OF ORIGIN SPELLED OUT DURING EXAMINATION OF EC-EFTA ARRANGEMENTS ARE EQUALLY APPLICABLE TO NEW INTRA-EFTA RULES, AND (C) RESERVE OUT GATT RIGHTS. DECISION ON FURTHER ANALYSIS RULES OF ORIGIN (PARA 4 ABOVE) ALSO RELEVANT.

6. AUSTRALIA-PAPUA NEW GUINEA. L/3903 CONTAINS 19TH ANNUAL REPORT WHICH MISSION ASSUMES WILL BE ROUTINELY NOTED.

7. FINANCE AND ADMINISTRATION. L/3922, 3923 AND 3924 PROPOSE CONTRIBUTIONS TO 1973 BUDGET AND WORKING CAPITAL FUND BY SINGAPORE, PHILIPPINES AND HUNGARY RESPECTIVELY AS RESULT OF THEIR ACCESSION (APPROVISIONAL IN CASE OF PHIL). ROUTINE APPROVAL EXPECTED.

8. OTHER ITEMS. SECRETARIAT MAY FINISH DRAFT REPORT OF COUNCIL TO CPS BY OCT 15 IN WHICH CASE COUNCIL COULD CLEAR IT OCT 19. IF NOT AVAILABLE IN TIME, COUNCIL WILL MEET LATER FOR THIS PURPOSE. MISSION CAN TAKE RESPONSIBILITY FOR APPROVING SUMMARY OF COUNCIL'S WORK DURING PAST YEAR. BASSIN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 SEP 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1973GENEVA05170  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Line Count:** 142  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12-Sep-2001 by freemaal>; APPROVED <01-Nov-2001 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GATT COUNCIL GATT COUNCIL SCHEDULED OCT 19. OFFICIAL AIRGRAM WITH  
**TAGS:** ETRD, GATT  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005